India for specified purposes ... ... empt from taxation (Sec. 10(5)(iv) of the I.T. Act).

(iv) Concessional rates of taxation are provided in case of investment in the shares of debentures of Indian companies and the capital gains arising therefrom (Sections 115 AB, 115 AC and 115 AD of the Act).

(v) Capital gains arising from transfer of shares in Indian companies in the scheme of amalgamation is exempt from taxation in certain cases (Sec. 47 (via) of the Act).

(vi) Taxation on capital gains on the basis of foreign currency equivalents of the sale prices and costs of acquisitions in respect of shares or debentures of Indian companies (Sec. 48 of the I.T. Act).

(d) The proposals approved for Foreign Direct Investment (FDI) are not necessarily for 100% exports. The FDI would result in increased production, exports and internal sales and the national exchequer would gain by way of increase in revenue through excise duty, customs duty and income tax.

Changing the Definition of Sick Units

@*395. SHRI G.G. SWELL:

SHRI MOHD. KHALEELUR RAHMAN:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Reserve Bank of India has decided to change the definition of sick units; if so, what are the changes and how they will help revival of sick units;

(b) what is the actual performance of the RBI decision that the SSI sector would be getting up to 20 per cent of its annual output by way of working capital loan, and when did this decision come into operation;

(c) what is the component that the SSI sector forms in the priority sector lending programme;

(d) what is the rate of interest on loans given by Nationalised Banks to small, medium and big industry; and

(e) what is the price preference and purchase preference given to SSI units in the Government purchase programme?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) Presumably the Hon'ble Members are referring to the change in definition of sick units for the small scale industries in pursuance of the recommendations of the Nayak Committee. Reserve Bank of India have reported that SSI unit may be classified as 'sick' unit when:

(i) any of its borrowal accounts has become 'doubtful' advance i.e. principal or interest in respect of any of its borrowal accounts has remained overdue for a period exceeding 2½ years; and

(ii) there is erosion in the net worth due to accumulated cash losses to the extent of 50% or more of its peak net worth during the preceding two accounting years.

The above definition would facilitate early detection of sickness which would help in providing timely assistance for arresting the same.

(b) RBI issued a circular to the scheduled commercial banks on April 17, 1993 in which it was, inter alia, envisaged that for the credit requirements of village industries, tiny industries and other SSI units having aggregate fund based working capital credit limits upto Rs. 50 lakhs from the banking system, the norms for inventory and receivables as also the first method of lending (as recommended by the Tandon Committee for assessment of their maximum permissible bank finance) will not apply. Instead such units may be provided working capital limits

@Previously Starred Question 235, transferred from 12th August, 1993.

computed on the basis of a minimum of 20% of their projected annual turnover for new as well as existing units.

It is too early to comment on the actual performance of this decision.

(c) Small Scale Industries form a part of the priority sector lending of the commercial banks. Reserve Bank of India have issued instructions to all commercial banks to lend 40% of their total advances to the priority sector.

(d) The lending rate structure of scheduled commercial banks with effect from 24-6-1993 is as under:

The General Structure

(Applicable to both working capital and Term Loans)

Size of Limit	Rate of Interest (per cent per annum)
1. Upto Rs. 7500	12.0
2. Over Rs. 7500 & Upto Rs. 25000	
3. Over Rs. 25000 & upto Rs. 2 lacs	16.0 (Fixed)
4. Over Rs. 2 lakhs	16.0 (Minimum)

Specific Categories

(Categories of Advances)

1. DRI Advances	4.00
2. Term loans to agriculture, SSI, transport operators owning upto 3 vehicles	
Size of limit	
(i) Over Rs. 25000 & Upto Rs. 50000	15.0
(ii) Over Rs. 50000 & Upto Rs. 2 lakhs	
(iii) Over Rs. 2 lakhs.	15.0 (Minimum)

(e) Nayak Committee, referred to above, has expressed concern over delay in realisation of sale proceeds by SSIs from large companies and Government agencies. It calls for steps to ensure timely payment to SSI suppliers for all buyer units and imposition of penal interest in case of defaults. RBI has referred the above recommendation to the Government in the Ministry of Industries for consideration.

Employees Demonstration Against Privatisation of DESU

*396. SHRI SHIV PRATAP MISHRA:

SHRI MOHD. KHALEELUR RAHMAN:

Will the Minister of POWER be pleased to state:

(a) whether government have taken a note of the big demonstration of the DESU employees during the second week of August, 1993;

(b) if so, what is the response of Government to their demands;

(c) what is the current transmission loss in DESU in terms of units and financial loss during last 3 years;

(d) whether tariff rates of DESU are uneconomical vis-a-vis rates in Bombay and Calcutta for various categories of consumers;

(e) what is the installed capacity of DESU and what is the generation in terms of percentage and quantum;

(f) what is the loss of DESU during last 3 years; and

(g) by when Government would take workers in confidence before working out plans for privatisation?

THE MINISTER OF POWER (SHRI N. K. P. SALVE): (a) and (b) Government is aware of the recent demonstrations by DESU employees against the move for privatisation of electricity distribution in Delhi. The parameters to be formulated by Delhi Administration for inviting competitive bids in this regard would include absorption of existing DESU staff associated with distribution system by the